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DIRECTORATE OF  
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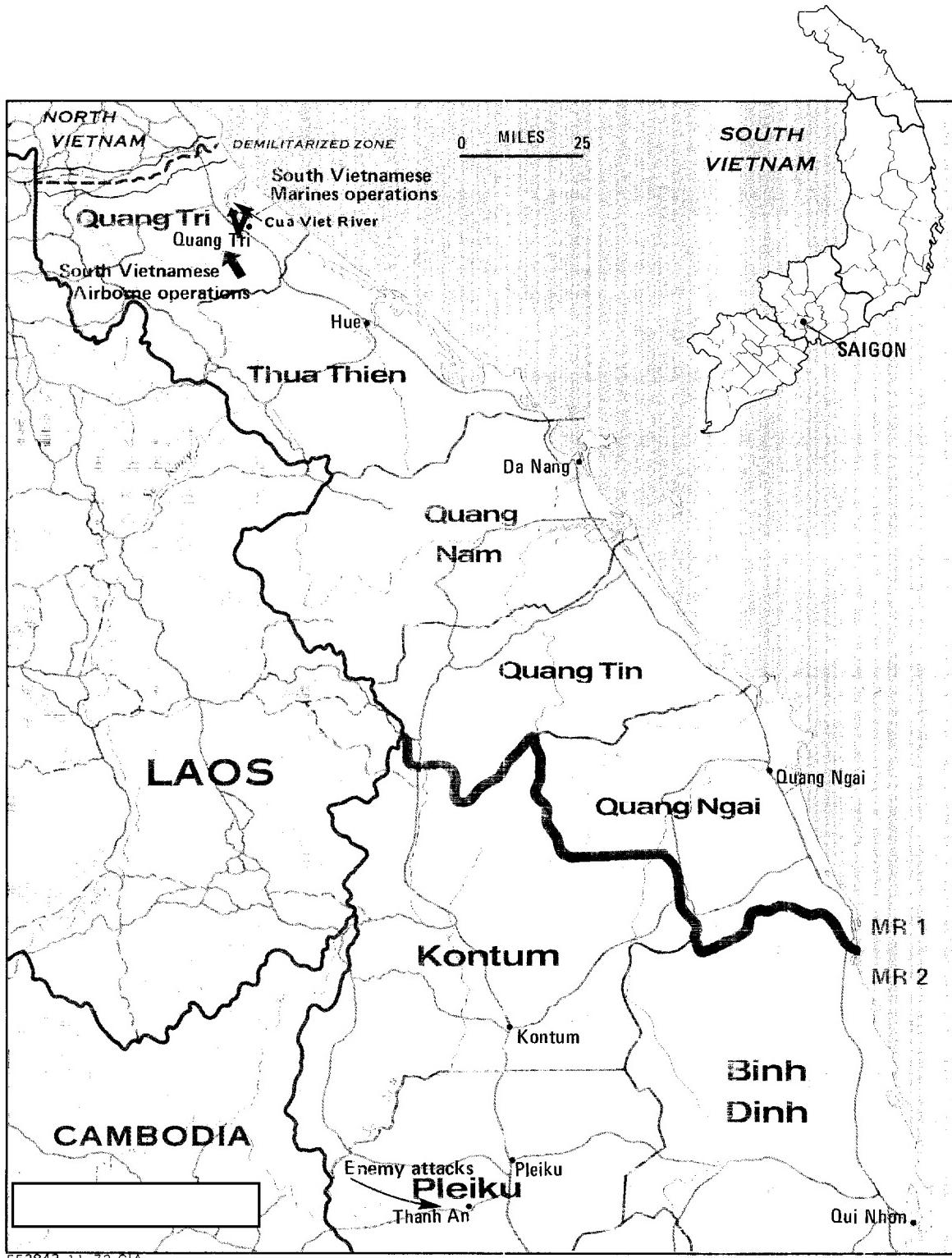
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VIETNAM: Both sides are trying to expand their territory in the northern half of South Vietnam.

Despite heavy enemy shellings and limited allied air support caused by poor weather, South Vietnamese Marines north of Quang Tri City have moved close to the Cua Viet River, the last natural barrier held by the Communists south of the Demilitarized Zone. Heavy rains and flooding over the weekend hampered the movements of Communist units trying to counter the Marines' campaign and slowed a South Vietnamese paratroop operation west of the provincial capital into an area that has been under enemy control since last spring.

In the central highlands, elements of the North Vietnamese 320th Division are continuing a week-old series of attacks in western Pleiku Province. South Vietnamese regulars west of Thanh An District capital turned back a sharp ground attack and repelled a sapper raid on a government strongpoint on 19 November. These highlands actions appear similar to those mounted by the Communists against border ranger camps in both Kontum and Pleiku provinces during the past few weeks. The enemy is apparently trying to eliminate any significant government presence in the western highlands near the border.

Military activity in the south remains light and sporadic. The Communists continue directing selective mortar and rocket fire against district and provincial cities in the delta, but none of these actions has been followed up by major ground attacks. [redacted]

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MOROCCO: The new government of technocrats will do little to popularize King Hassan's regime or to encourage participation by the political parties in forthcoming elections.

Ahmed Osman, the King's brother-in-law, heads the 18-member government which is little more than a reshuffle of the previous apolitical cabinet. The Benhima brothers, two of the King's closest advisers, have retained the key posts of foreign minister and interior minister. King Hassan will continue to handle the administration of the military, the position of minister of defense having been abolished shortly after the assassination attempt last August.

The principal opposition parties refused to join Osman's government, but Hassan has announced that there are still vacancies in the cabinet, which is to oversee general elections promised for early next year. Although further negotiations between the palace and political leaders cannot be ruled out, Osman's appointment and the composition of the government would seem to preclude any early compromise with the parties, which have been demanding the lion's share of the cabinet seats.  
[redacted]

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AUSTRIA: Faced with predictions of a nine-percent rate of inflation in the coming months, Chancellor Kreisky's socialist government has adopted further measures to stabilize prices.

The new measures strengthen a program launched two months ago that provided a reduction of bank liquidity, a restraint on credit expansion, a limit on the inflow of foreign funds, and a stimulus for domestic savings. Nevertheless, prices in October were up seven percent over a year ago, their largest rise in almost two decades, and no easing is in sight.

The government's decision was probably in response to indications that the high cost of living was an important factor in the Socialist Party's recent losses in municipal and trade union elections. The new program includes cutbacks in government spending, delays in scheduled price increases, legislation to encourage competition among businesses, liberalization of industrial imports, and strengthened rent controls. The government also appealed to business and labor groups to conclude their own stabilization agreement to head off excess price and wage demands.

The chancellor has also proposed formation of a government-wide Economics Commission to coordinate economic questions among cabinet ministers and Socialist members of Parliament. To enlist labor support, the commission will be co-chaired by the chancellor and Anton Benya, president of the Trade Union Federation. Prospects for such support are slim, however, because labor has refused to supplement selected price controls, in effect since 1 September, with a temporary freeze on wages. Taking advantage of the continuing tight labor market, more than a quarter of a million workers have recently asked for wage increases averaging 16 percent. Buoyant investment and consumer demand as well as dynamic export growth also reinforce existing inflationary pressures. [redacted]

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MAURITIUS: The Legislative Assembly has again extended the state of emergency, but the vote on the extension revealed a serious rift in the coalition government.

The government late last week barely mustered the two-thirds vote needed to extend for another six months the state of emergency invoked last December to end labor and political unrest fomented by the leftist Mauritian Militant Movement (MMM). The emergency powers have allowed the government to proscribe MMM activities and to jail its top leaders. The vote for the first time revealed opposition even within the coalition to the continued use of the emergency powers. All deputies of the Muslim Action Committee (CAM), the smallest of the three coalition parties, absented themselves during the vote, as did two members of the largest coalition party, Prime Minister Ramgoolam's Labor Party.

Ramgoolam and Foreign Minister Gaetan Duval, the leader of the coalition's second largest party, pushed the extension through against growing opposition in order to justify postponement of assembly by-elections and municipal elections. The unpopular government would probably be in trouble in new elections because it has done little to correct the island's pressing problems, especially unemployment. CAM leaders, however, wanted to proceed with municipal elections because they believe, probably correctly, that Duval could not win re-election as lord mayor of the capital city.

The close vote on the emergency extension also places in doubt the government's ability to pass an amendment to the constitution to provide for a party list system of voting in parliamentary elections. Such an amendment, which would work to the coalition's advantage, would require a three-fourths vote of the assembly. The MMM retains much support among the young, the educated, and the unemployed in Mauritius, and could make a comeback once the state of emergency is lifted, which the government is expected to do before general elections are held.

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SOUTH KOREA: South Korea's new constitution, which will permit President Pak Chong-hui to continue to rule indefinitely, will be approved today in a national referendum. To ensure this favorable outcome, the government has orchestrated a massive propaganda campaign claiming that the new measure is needed to ensure national unification and prosperity. President Pak sweetened the appeal by promising rapid economic development in rural areas in the next few years. The regime appears confident that upwards of 70 percent of eligible voters will cast a ballot and has already instructed election officials to see to it that more than 80 percent of the voters favor the new constitution. Pockets of opposition centered in the intellectual and Christian communities have been thoroughly intimidated by the regime's tough application of its martial law authority and will probably vent their displeasure only by boycotting the referendum.

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(continued)

CHAD-FRANCE: The strains evident last summer between President Tombalbaye and Paris have eased and the regime's shortage of operating capital is becoming less acute. The \$6-million annual French grant for budgetary support is now under stringent new controls. Having urged greater fiscal discipline on Tombalbaye since 1969, France now dispenses its aid directly through its embassy on receipt of Chadian claims for projects and debts approved by Paris. Chad's ineffective bureaucracy is slowly learning to cope with the new arrangement. A special French military grant of \$2 million has also relaxed tensions and there now is no sign that Paris will be implicated in any subversion trials that may emerge from this summer's widespread purges in Fort Lamy.

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